

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>DATE FILED: December 13, 2005</b>
<b>v.</b>	<b>:</b>	<b>CRIMINAL NO. 05-</b>
<b>DONALD M. NICHOLSON</b>	<b>:</b>	<b>VIOLATIONS: 18 U.S.C. § 286</b>
<b>MARY LOUISE DENESE SLAEY</b>	<b>:</b>	<b>(conspiracy to make false claims</b>
	<b>:</b>	<b>- 1 count)</b>
	<b>:</b>	<b>18 U.S.C. § 287 (false claims - 1</b>
	<b>:</b>	<b>count)</b>
	<b>:</b>	<b>18 U.S.C. § 201 (bribery of a</b>
	<b>:</b>	<b>public official - 6 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 2 (aiding and abetting)</b>

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

**INTRODUCTION**

At all times material to this indictment:

1. System Integration and Management, Inc. ("SIM") was a Virginia corporation which operated as a computer software and internet website development company with its main office located at 8614 Westwood Center Drive, Vienna, Virginia, and a branch office located at 3318 Oaklawn Blvd., Hopewell, Virginia.

2. Defendant MARY LOUISE DENESE SLAEY was the owner and Chief Executive Officer of SIM.

3. The United States General Services Administration (“GSA”) was an agency of the United States which procured goods and services for federal agencies, including information technology (“IT”) support services.

4. In or about September 1998, GSA entered into an agreement with SIM, known as a Basic Ordering Agreement (“BOA”), under which SIM agreed to provide IT support services, such as software engineering, IT strategic planning, electronic commerce support, and IT research and development, as needed by federal agencies.

5. Under this Basic Ordering Agreement, a federal agency needing IT support services could order these services from SIM through GSA. GSA would contract with SIM for the particular IT support services needed by the customer agency by issuing a task order to SIM.

6. Each task order represented a contract between GSA and SIM, containing a statement of work which described in detail the services that SIM was to provide, and providing the time frame for the delivery of those services.

7. GSA issued two kinds of task orders to SIM under its Basic Ordering Agreement. The first, known as a firm fixed price task order (“FFP”), establishes the amount that the government will pay for the particular task ordered. Upon completion of firm fixed price task order, the contractor billed GSA in one lump sum. If SIM completed the task order for less money than the government had agreed to pay, SIM was entitled to keep the excess funds. However, if SIM performed the task at a cost greater than the agreed amount, the contractor had to absorb that excess cost.

8. The second type of task order that GSA issued to SIM was a time and materials task order (“T & M task order”). Under a time and materials task order, SIM billed the

government for the costs it actually incurred in performing the services. These costs consisted generally of SIM's time, that is the labor hours for the different SIM employees who worked on the particular task order, billed at the employees' hourly rates, plus the cost of any materials SIM used in performing that task order. The contractor was required to submit documentation of all its costs, including employee hours and materials.

9. The United States Army, the United States Coast Guard, GSA's Federal Technology Service ("FTS"), and GSA's Public Building Service were among the government agencies that received services from SIM.

10. Defendant DONALD M. NICHOLSON was the Director of the Federal Technology Service, IT Solutions Office, for GSA's Region 2, located in New York City, New York. Defendant NICHOLSON administered all but one of the SIM task orders for Federal Technology Service.

11. As a GSA contracting official, defendant DONALD M. NICHOLSON was prohibited from receiving any type of payment, directly or indirectly, from persons who sought to do or did business with GSA.

12. From approximately September 1999 through in or about February 2002, GSA issued 25 individual tasks orders to SIM under its Basic Ordering Agreement, for which SIM billed and was paid approximately \$6.5 million.

13. The GSA office in Philadelphia, Pennsylvania authorized payment of SIM's invoices.

## **THE CONSPIRACY**

14. From in or about September 1999, until at least January 2002, in the Eastern District of Pennsylvania and elsewhere, defendants

**DONALD M. NICHOLSON  
and  
MARY LOUISE DENESE SLAEY**

conspired and agreed, together and with others known and unknown to the grand jury, to defraud the United States by knowingly obtaining, and aiding and abetting others to obtain, payment of false, fictitious and fraudulent claims submitted to GSA, that is, invoices for work that SIM had not performed, for which SIM submitted inflated invoices, or for which SIM had already received payment in full.

## **MANNER AND MEANS**

It was part of the conspiracy that:

15. In or about September 1999, defendants MARY LOUISE DENESE SLAEY and DONALD M. NICHOLSON entered into a corrupt relationship under which defendant SLAEY and SIM made improper payments to defendant NICHOLSON in return for favorable treatment.

16. From in or about September 1998 to in or about January 2002, defendant MARY LOUISE DENESE SLAEY and SIM improperly paid defendant DONALD M. NICHOLSON over \$73,380 in kickbacks, and an additional \$70,000 as a signing bonus for defendant NICHOLSON's promised future employment by SIM. In addition, defendant SLAEY had SIM hire two relatives of defendant NICHOLSON to work on GSA task orders, and had SIM pay part of the college tuition for one of these relatives.

17. In return for these payments, and pursuant to this corrupt relationship, defendant DONALD M. NICHOLSON created phony task orders for defendant MARY LOUISE DENESE SLAEY and SIM, allowing them to bill GSA for services that were never provided.

18. In addition, defendant DONALD M. NICHOLSON fraudulently inflated the price of SIM task orders so that he could improperly authorize additional funds in payment to defendant MARY LOUISE DENESE SLAEY and SIM.

19. Defendant DONALD M. NICHOLSON also conspired with defendant MARY LOUISE DENESE SLAEY to have GSA pay SIM for inflated task orders, for task orders that were not completed, or for which payment had already been made in full.

20. Defendant DONALD M. NICHOLSON used his position to direct GSA employees under his supervision to authorize payments for task orders where little or no work was done, or for which payment had already been made in full.

21. With the collusion of defendant DONALD M. NICHOLSON, defendant MARY LOUISE DENESE SLAEY and SIM fraudulently overbilled the government by approximately \$634,559.39.

### **OVERT ACTS**

In furtherance of the conspiracy, the defendants, and others known and unknown to the grand jury, committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

1. On or about September 13, 1999, defendant MARY LOUISE DENESE SLAEY submitted fraudulent and inflated invoice 99-0910, for approximately \$97,275, under the Federal Technology Service Software and Analysis Support task order.

2. On or about September 15, 1999, defendant MARY LOUISE DENESE SLAEY submitted fraudulent and inflated invoices 99-0918 and 99-1009, totaling approximately \$197,426.72, under the Federal Technology Service Lotus Notes and Web Development Support task order.

3. On or about December 15, 2000, defendant MARY LOUISE DENESE SLAEY submitted fraudulent and inflated invoice 2000-1212, totaling approximately \$46,003.92, under the United States Federal Courts Jury Selection System Support task order.

4. On or about August 4, 2000, defendant MARY LOUISE DENESE SLAEY submitted fraudulent and inflated invoices 2000-0603, totaling approximately \$89,000, for the Kansas City task order.

5. On or about August 13, 2000, defendant MARY LOUISE DENESE SLAEY submitted fraudulent and inflated invoice 2000-0813, totaling approximately \$89,000, for the Kansas City task order.

6. On or about October 16, 2000, defendant MARY LOUISE DENESE SLAEY submitted fraudulent and inflated invoice 2000-1016, totaling approximately \$89,000, for the Kansas City task order.

All in violation of Title 18, United States Code, Section 286.

## **COUNT TWO**

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.
2. In or about January 2000, GSA awarded SIM the United States Federal Courts Jury Selection System Support Task Order to operate and maintain the computer room facility for the GSA Region 2 Technical Services Division. This was a time and material task order.
3. Defendant MARY LOUISE DENESE SLAEY submitted and caused the submission of a fraudulently inflated invoice for this task order, which billed GSA for the time of five SIM employees who never worked on this task order.
4. GSA paid SIM \$46,003.92 for this fraudulently inflated invoice.
5. On or about December 15, 2000, in the Eastern District of Pennsylvania and elsewhere, defendant

### **MARY LOUISE DENESE SLAEY**

knowingly made and presented to the General Services Administration, and aided and abetted and willfully caused the making and presentation of, a claim for payment, which the defendant knew to be false, fictitious and fraudulent, by submitting fraudulent invoice 2000-1212 for United States Federal Courts Jury Selection System Support task order, totaling approximately \$46,003.92.

In violation of Title 18, United States Code, Sections 287 and 2.

**COUNT THREE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.

2. Defendant DONALD M. NICHOLSON was a public official within the meaning of Title 18, United States Code, Section 201(a).

3. On or about September 25, 2001, in the Eastern District of Pennsylvania and elsewhere, defendant

**MARY LOUISE DENESE SLAEY**

knowingly and corruptly gave, offered, and promised, directly and indirectly, a thing of value to a public official, that is, DONALD M. NICHOLSON, an employee of the General Services Administration, with the intent to influence his official acts, that is, defendant SLAEY paid NICHOLSON approximately \$27,000 in exchange for his approval of the fraudulent and inflated Kansas City task order.

In violation of Title 18, United States Code, Section 201(b)(1)(A).



**COUNT FOUR**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.

2. Defendant DONALD M. NICHOLSON was a public official within the meaning of Title 18, United States Code, Section 201(a).

3. On or about November 2, 2001, in the Eastern District of Pennsylvania and elsewhere, defendant

**MARY LOUISE DENESE SLAEY**

knowingly and corruptly gave, offered, and promised, directly and indirectly, a thing of value to a public official, that is, DONALD M. NICHOLSON, an employee of the General Services Administration, with the intent to influence his official acts, that is, defendant SLAEY paid NICHOLSON approximately \$16,825 in exchange for his approval of the fraudulent and inflated Kansas City task order.

In violation of Title 18, United States Code, Section 201(b)(1)(A).

**COUNT FIVE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.

2. Defendant DONALD M. NICHOLSON was a public official within the meaning of Title 18, United States Code, Section 201(a).

3. On or about December 14, 2001, in the Eastern District of Pennsylvania and elsewhere, defendant

**MARY LOUISE DENESE SLAEY**

knowingly and corruptly gave, offered, and promised, directly and indirectly, a thing of value to a public official, that is, DONALD M. NICHOLSON, an employee of the General Services Administration, with the intent to influence his official acts, that is, defendant SLAEY paid NICHOLSON approximately \$13,900 in exchange for his approval of the fraudulent and inflated Kansas City task order.

In violation of Title 18, United States Code, Section 201(b)(1)(A).

**COUNT SIX**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.

2. Defendant DONALD M. NICHOLSON was a public official within the meaning of Title 18, United States Code, Section 201(a).

3. On or about January 10, 2001, in the Eastern District of Pennsylvania and elsewhere, defendant

**MARY LOUISE DENESE SLAEY**

knowingly and corruptly gave, offered, and promised, directly and indirectly, a thing of value to a public official, that is, DONALD M. NICHOLSON, an employee of the General Services Administration, with the intent to influence his official acts, that is, defendant SLAEY paid NICHOLSON approximately \$70,000 in exchange for his approval of the fraudulent and inflated Kansas City task order.

In violation of Title 18, United States Code, Section 201(b)(1)(A).

**COUNT SEVEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.

2. Defendant DONALD M. NICHOLSON was a public official within the meaning of Title 18, United States Code, Section 201(a).

3. On or about January 18, 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

**MARY LOUISE DENESE SLAEY**

knowingly and corruptly gave, offered, and promised, directly and indirectly, a thing of value to a public official, that is, DONALD M. NICHOLSON, an employee of the General Services Administration, with the intent to influence his official acts, that is, defendant SLAEY paid NICHOLSON approximately \$15,655 in exchange for his approval of the fraudulent and inflated Kansas City task order.

In violation of Title 18, United States Code, Section 201(b)(1)(A).

**COUNT EIGHT**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 13, and 15 to 21 of Count One of this indictment are incorporated here.

2. Defendant DONALD M. NICHOLSON was a public official within the meaning of Title 18, United States Code, Section 201(a).

3. From in or about September 1999 through in or about January 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

**DONALD M. NICHOLSON,**

being a public official at the General Services Administration, knowingly and corruptly, directly and indirectly, demanded, sought, received, and agreed to personally receive something of value, that is, approximately \$143,380 from MARY LOUISE DENESE SLAEY, in return for being influenced in the performance of an official act, that is, approving the fraudulent and inflated Kansas City task order.

In violation of Title 18, United States Code, Section 201(b)(2)(A).

**A TRUE BILL:**

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**FOREPERSON**

\_\_\_\_\_  
**PATRICK L. MEEHAN**  
**United States Attorney**